

Purpose

A Prequalification Board is established to direct the prequalification of contractors, review and analyze prequalifications, and establish the amount and type of prequalification to be granted to contractors.

Policy

Contractors desiring to submit bid proposals for construction contracts will be prequalified by the Department to ensure they have the resources and capability to successfully complete awarded contracts. Contractors wishing to bid on projects advertised for less than \$500,000 will not be required to prequalify.

Qualification ratings will establish the type of construction a contractor will be permitted to perform and the maximum dollar value of contracts they will be allowed to undertake at any one time.

Contractors who attain a prequalification of \$50,000,000 represented by a total of their Financial, Experience, and Performance Ratings shall be classified as Unlimited.

Ratings will be based upon an evaluation of the contractor's (1) experience, (2) past performance, and (3) analysis of certified Financial Statements, including Balance Sheet, Income Statement, and Changes in Financial Condition. Contractor ratings will be reviewed at least once yearly, as application is made and more often if the circumstances warrant.

This policy will be administered to ensure adequate competition in bidding for construction contracts.

The Prequalification Board is composed of:

Project Development Engineer - Chairman
Engineer for Construction
Comptroller

The Construction Division will provide the Secretary for the Prequalification Board. The Contracts, Estimates & Agreements Manager will serve in an advisory capacity to the Prequalification Board.

The Contractor's application for prequalification will be received by the Secretary, who will be responsible to review and acquire omitted information from contractor, assure prompt action on properly executed applications, and maintain appropriate confidential files and lists. The Secretary will arrange for a meeting of the Prequalification Board when conditions warrant.

The Secretary will keep a current qualification file on each contractors eligible to bid UDOT projects. If the Prequalification Board determines a contractor is not performing in a satisfactory manner, it may disqualify that contractor from bidding on future projects for such period of time as determined by the Board. Any contractor suspended from bidding projects may appeal any decision of the Prequalification Board to the Executive Director.

Each contractor bidding a project will complete and submit with their bid proposal the standard form - "Status of Work Under Contract". A contractor knowingly or negligently falsifying information on said form will be disqualified from bidding on projects for a period of time as determined by the Prequalification Board. A disqualified contractor may appeal the decision of the Prequalification Board to the Executive Director.

All companies issuing surety bonds on UDOT projects must be licensed by the State of Utah. These companies must also be listed on the current United States Department of the Treasury Circular 570 as acceptable sureties on Federal bonds. Bonding companies which do not satisfactorily perform on contract bonds, as determined by the Prequalification Board and subject to appeal to the Executive Director, may be suspended from supplying bonds for projects for such period of time as may be determined by the Prequalification Board.

The dollar amount of prequalification a contractor may be granted will be calculated by the following formula. If the calculated amount is greater than \$50,000,000, Unlimited prequalification will be granted.

Prequalification Amount:
$$\text{Adjusted Equity} \times A \times (B+C+D)$$

Where: Adjusted equity is determined from financial information submitted by the contractor.

A = Contractor Performance Factor from Resident Engineer Form C119.

B = Experience Rating Factor from Contracts, Estimates & Agreements Manager.

C = Financial Rating Factor from Comptroller.

D = Additional Experience Factor from Contracts, Estimates & Agreements Manager

Background

This procedure has been prepared by the Comptroller's Office and Construction Division and approved by the Executive Director to establish the formula for determining the total dollar amount of contracts for which a contractor may be prequalified and to establish the procedure for processing contractor applications for prequalification.

Procedures

Prequalification of Contractors

UDOT 08B-1.1

Responsibility: Prequalification Board

Actions

1. Meets when necessary to review contractor request for prequalification, consider contractor experience and performance ratings, consider changes in policies and procedures, and hear appeals from contractors on their application for prequalification.

Responsibility: Resident/Project Engineer

2. At the completion of the contract work and prior to December 31st of each year for on-going projects, completes the Contractor Performance Report Form C119. The Contractor Performance Report remains current for three years.
3. At post construction meeting, submits completed Form C119 to contractor for signature. Submits a signed copy to Contracts, Estimates & Agreements Manager and also includes a signed copy with final estimate documents.

Responsibility: Contracts, Estimates & Agreements Manager

4. Averages the last three year's ratings (a minimum of 3 ratings) to determine the contractor's performance rating. Determines the Contractor Performance Factor (A in formula) from the equation: $A = (X - 45)2.5 / 100$ where X is the average Contractor Performance Rating. A contractor with an average performance rating below 70 percent will fail to obtain prequalification. The contractor may appeal at a hearing before the Prequalification Board. When a contractor has fewer than three ratings or they have no experience working in the State of Utah, a Performance Rating of 85 percent or a Contractor Performance Factor of 1 will be given.
5. Submits the Contractor Performance Factor (A in formula) to the Comptroller's Office for use in computing a contractor's amount of prequalification. This factor will vary from 0.62 to 1.37.
6. Computes and submits the Contractor's Experience Rating (B in formula) to the Comptroller's Office for use in computing the contractor's amount of prequalification. This factor will vary from 0 to 3.7. Contractors with no UDOT experience but whose experience justifies some value for the type of work they wish to perform, will be given an experience rating (Factor B) of 2.5.

7. An Additional Experience Factor (D in formula) will use the A Factor Average Rating, using only the current year ratings applied to the following table: 100-95 = 1.3, 94-85 = 1.0, 84-0 = 0. Contractors with no performance ratings in the current year, or no experience working as a prime contractor on UDOT projects will receive a factor of 0. The Additional Experience Factor will vary from 0 to 1.3 and will be added to the Experience Rating Factor (B in formula) provided by the Contracts, Estimates & Agreements Manager. The two factors combined shall not exceed 5.

Responsibility: Prequalification Board Secretary

8. Two months prior to the prequalification expiration date, forwards renewal application forms to the contractor.

Responsibility: Applicant Contractor

9. Completes application forms and forwards to the Prequalification Board Secretary. If it is necessary for the contractor to request an extension of their prequalification, the Prequalification Board Secretary may grant an extension of up to sixty days. If a ninety-day extension is requested, it may be approved by the Chairman of the Prequalification Board.

Responsibility: Prequalification Board Secretary

10. Reviews application forms and supporting documents for completeness and transmits application and documents to the Comptroller's Office. If omissions are noted, obtains information from the contractor. The prequalification period cannot extend more than eighteen months beyond the end of the contractor's fiscal year to which the financial statements apply.

Responsibility: Comptroller's Office

11. Computes contractor's Adjusted Equity (See Formula) and Financial Rating Factor (C in Formula) from information abstracted from the contractor's financial statement. The Financial Rating Factor may be based on either audited or unaudited financial statements. Unaudited statements, which must include a copy of the corresponding Corporate Federal Income Tax Return, will reduce the computed Financial Rating Factor by 50 percent. The Financial Rating Factor will vary 0 to 5.
12. Combines Experience Rating Factor (B in Formula), Financial Rating Factor (C in Formula), and Additional Experience Factor (D in Formula). This combined rating will vary from 0 to 10.

13. Using Formula, computes Prequalification Amount and gives completed schedule to the Prequalification Board Secretary.

Responsibility: Prequalification Board Secretary

14. Tabulates action of the Prequalification Board to show the contractor's name, type and value of work, and expiration date for which they are prequalified.
15. Routes completed applications and financials to Engineer for Construction for review and signature of approval.
16. Notifies each applicant contractor requesting prequalification of the Prequalification Board's action on their behalf.
17. Coordinates Prequalification Board meetings when necessary.
18. Prepares minutes of Prequalification Board meetings and transmits same to Prequalification Board members for approval.
19. Makes available to the Prequalification Board (via PDBS; Program Development Business System) a list of all prequalified contractors, indicating the type of work and amount for which each contractor is prequalified.
20. Posts monthly to the UDOT website a list of prequalified contractors, type of work and expiration date.

Responsibility: Prequalification Board

21. The above procedure does not exclude the Prequalification Board's right with cause to reduce the calculated Prequalification Amount obtained using the formula or deny the application.